

Message Text

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14
ORIGIN L-01

INFO OCT-01 SS-14 ISO-00 EB-03 ARA-06 NSC-05 NSCE-00

CIAE-00 INRE-00 SSO-00 INR-05 CCO-00 OES-02 DODE-00

H-01 SP-02 TRSE-00 /040 R

DRAFTED BY L:SSCHWEBEL:MMS

APPROVED BY ARA:JGRUNWALD

EB/OFD/OIA - RSMITH

ARA/AND/E - AALLITTO

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Z 292342Z SEP 76 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY QUITO FLASH

C O N F I D E N T I A L STATE 242489

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, PFOR, EINV, EC

SUBJECT: GULF DISPUTE

1. IN THE EVENT THAT THE ARGUMENTATION IN SUPPORT OF ARBITRATION SET OUT IN PREVIOUS MESSAGE FAILS TO MOVE POVEDA, AMBASSADOR IS AUTHORIZED TO RAISE ON AN EXPRESSLY AD REFERENDUM BASIS THE FOLLOWING ALTERNATIVE. IF, UNDER PARAGRAPH 8 OF THE GULF REVISION OF THE PROPOSED GOE ASSURANCES OF PURCHASE, THE TWO EXPERTS NAMED BY THE PARTIES ARE UNABLE TO RESOLVE THE DIFFERENCES ADDRESSED BY THEM, THE GOE AND USG AGREE THAT SUCH DIFFERENCES SHALL BE REFERRED TO AN INTERGOVERNMENTAL CONCILIATION COMMISSION COMPOSED OF REPRESENTATIVES OF THE GOE AND THE USG, WHICH SHALL EXAMINE THESE DIFFERENCES AND SEEK TO FACILITATE THEIR RESOLUTION.

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2. FYI: WE HAVE TRIED OUT THIS IDEA ON LUCAS AND WYCHE.

WHILE THEY PROFESS THAT AN INTERNATIONAL ARBITRATION CLAUSE MAY BE A BREAKING POINT FOR GULF, AND THAT THEY WOULD NOT RECOMMEND GULF ACCEDE TO AN ARRANGEMENT THAT LACKS IT, WHEN WE PUT THIS IDEA TO THEM LUCAS AT ONCE REPLIED THAT IT SEEMED GOOD TO HIM. BUT WE HAVE NO DEFINITIVE READING FROM GULF AND, IN ANY EVENT, IF YOU COULD PERSUADE POVEDA TO ACCEPT ARBITRATION, WE WOULD INFINITELY PREFER IT. END FYI.

3. GULF POINTS OUT THAT ARTICLE 85 OF THE HYDROCARBONS LAW IN ITS 1971 AND 1974 VERSIONS ENVISAGES A LIMITED FORM OF ARBITRATION, THOUGH WITHOUT AN INTERNATIONAL ELEMENT. POSSIBLY IT MAY BE OF USE TO REFER TO THIS PRECEDENT IN EXCHANGES WITH POVEDA. HOWEVER, SUCH A LIMITED PROVISION LACKING AN INTERNATIONAL ELEMENT WOULD NOT BE ACCEPTABLE TO GULF.

ROBINSON

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, DISPUTE SETTLEMENT, ARBITRATION, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 SEP 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE242489
Document Source: CORE
Document Unique ID: 00
Drafter: SSCHWEBEL:MMS
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760368-0016
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976095/aaaaaejx.tel
Line Count: 79
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN L
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2004 by SmithRJ>; APPROVED <04 NOV 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GULF DISPUTE
TAGS: ENRG, PFOR, EC, GULF OIL
To: QUITO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006